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TO: Energy Planning Board Members
FROM: Ken Pokalsky
SUBJECT: Initial Public Comments on the 2025
Draft Energy Plan Update
DATE: 9/10/25

On behalf of The Business Council of NYS, I appreciate the opportunity to provide brief comments tonight, as we continue to develop more comprehensive comments on the draft state energy plan update.

The draft plan recognizes that the state is unlikely to meet two main requirements of the CLCPA – 70% renewable power and 40% emission reductions by 2030. For us, this is what the data and trends have been indicating for a while now.

The plan also recognizes (somewhat) the growing concerns about transition costs, an issue that we and others have consistently raised since the CLCPA's passage, and which are now showing up in increasing electric rates and utility rate proposals.

Given these and other factors, the energy planning process is the perfect vehicle to evaluate the CLCLA and other key state energy policies, and their implementation to date, as well as to consider necessary adjustments to the state's energy and climate change policies, including – if warranted – necessary updates to the CLCPA itself and its renewable energy and emissions reduction mandates. This assessment needs to be based on real world experience to date as well as major economic and federal policy changes.

Make no mistake - business recognizes the profound risk of global climate change, and the need for broad governmental and societal action.

We also must recognize that climate change is a global challenge, and that there are limits on the impact of state-level initiatives. We need to weigh state-level efforts against the costs and uncertainty imposed on New York residents and businesses by unrealistic mandates. New York can and should continue to take steps to promote renewable energy and reduce greenhouse gas (GHG) emissions, and its goal should be the development and implementation of a workable, effective, and affordable model path forward.

Importantly, adjusting the state's energy and climate policies and programs does not mean the state is abandoning its commitment to act on climate change. New York has been and will continue to be one of the most energy and carbon efficient states in the United States. Data has consistently shown that New York State is ahead of most states in its energy and emissions efficiency (on a per capita or GSP basis) and in reducing GHG emissions.

Notably, the draft plan points out that using the most widely used GHG accounting methodologies, New York is likely to meet the CLCPA's 2030 GHG emissions reduction target. We cannot dismiss that New York continues to make real progress toward its energy and environmental goals.

The most prudent path forward will be based on the best available and most up-to-date updated information and data, considering significant economic and market changes, and recognizing both the opportunities for and constraints facing New York in the context of the global threat of climate change.

Today, we would like to offer these initial comments and recommendations regarding the draft State Energy Plan update.

- The planning process must include a comprehensive assessment of CLCPA mandates, implementation efforts to date, and proposed future actions. New York needs to make reasonable, necessary adjustments that can

keep New York on a path to reduced GHG emissions while avoiding significant adverse energy supply and cost impacts.

- The energy planning process should apply an “all-of-the-above” approach. Its analysis and recommendation need to consider future power derived from all sources from nuclear power to renewables, natural gas to alternative fuels - including biofuel and renewable liquid fuels - to identify an achievable, reliable path forward.

- The plan needs to include a careful consideration of how the state’s energy policies impact the reliability of the state’s natural gas system, its ability to support manufacturing processes for which today there are not any known replacement fuels, its potential to economically supply clean alternative fuels such as renewable natural gas and hydrogen, and the impact on natural gas market prices, delivery rates and total bills that NYS businesses and residents will pay, among other factors. We support the plan’s recognition that targeted natural gas infrastructure investments will be needed to “increase supply diversity and meet peak demand,” in addition to serving gas-dependent economic sectors.

- The draft plan states that its core “additional action” scenario “meets over 90 percent of its investment needs in every year by reallocating anticipated spending from legacy energy sources and equipment . . .” If so, it would be incredibly helpful for the plan to provide an illustration of these projected expenditure shifts, to show where legacy system expenditures are or will be decreasing, and how those amounts compare to “additional action scenario” implementation costs.

- The draft plan states that “By 2030 . . . the additional action scenario raises costs modestly by 2 percent . . .” and that “Additional Action’s 2030 incremental spending of \$3 billion secures approximately \$5 billion in benefits . . .” Assuming this applies to 2026 – 2030, the plan suggests that just “\$600 million in additional spending per year will be necessary (above anticipated shifting of existing energy system expenditures.) The plan should illustrate options for how the state should generate and deploy incremental funds. Importantly, the draft plan also recognizes risks and uncertainties that could impact the plan’s implementation. We agree that the state’s energy and GHG reduction efforts face significant challenges and uncertainties, which could significantly impact state strategies. The final plan should “stress test” its assumptions against current and near-future conditions, to assure an realistic-as-possible assessment of the plan’s achievability and cost.

- The draft plan states that “The core planning scenario for the State Energy Plan is Additional Action, a forward-looking scenario that is consistent with ambitious by achievable progress” and that “additional Action [will shift spending to] renewable generation, gas appliances with energy efficient heat pumps, and internal combustion vehicles for battery electric alternatives.” However, the draft plan defines its core “Additional Action” scenario by desired outcomes (mostly “more” of outcomes already advanced under state policy) without a clear presentation of what new or amended policy or funding mechanisms would be necessary to achieve those outcomes. We count 184 “recommendations” in Section 5, which says they are to “advance New York’s clean energy transition”, but without indicating which if any are formally a part of the “Additional Action” scenario. Stakeholders need a clearer understanding of specific “additional actions” anticipated for plan implementation to assess its viability and affordability.

- The draft plan states that “While ratepayer-funded programs will continue to provide an important building block, it is not feasible to continue increasing the number and scale of programs that electric ratepayers need to fund” and that “The state should continue to evaluate the role of market-based policy mechanisms (including RGGI, the New York Clean Air Initiative and a clean transportation standard), which . . . generate dedicated sources of funding that can be used to lower the cost of the clean energy adoption and for affordability investments.” While the draft plan makes several suggestions to promote private sector financial investments, it says little as to the exact amount or potential source of additional public investments, or the cost impact of state-imposed mandate or restrictions. We also note that the entities that will be subject to the pending New York Cap and Invest rule (NYCI) are also ratepayers, most of whom are subject to PSC directed ratepayer-based assessments. Moreover, we expect that businesses will include the cost of NYCI allowances in ultimate consumer

prices. Again, the plan needs to provide a detailed and transparent discussion of transition costs, and the proposed source of new or increased funding.

- The draft plan should emphasize actions that can produce localized public health benefits in the near term, including mechanisms that support the transition to cleaner fuels in existing equipment. This would include the use of renewable liquid fuels, such as biodiesel, renewable diesel, and sustainable aviation fuel, as well as other readily available alternative fuels, and include an evaluation of the impact and timing of emission reductions and public health benefits of alternative fuel deployment.

- While the "Climate Act Dashboard" is a good start, the state needs a more comprehensive "dashboard" of the state's climate change efforts, including a comprehensive, accessible and understandable accounting of direct state spending and state "directed" spending, the source of funds and their use, and the impact of these expenditures on achieving GHG emission reduction and renewable energy production goals.

In summary, it is essential that this process results in a comprehensive state energy plan that truly takes "all-of-the-above" seriously and carefully analyzes affordability, reliability, load forecasts and necessary generation, transmission, and distribution infrastructure. Anything less will fall short of what New York needs to support achievement of New York's energy, environmental and economic development goals.